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The KSA PERSPECTIVE

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# Textile Profile for 1987

*Mergers help 32 public firms surpass prior year gains; smallest sample produces highest ROE*

Supporting the notion that small is beautiful and leaner is more profitable, the smallest Textile Profile in 17 years achieved a record high return on equity in fiscal 1987.

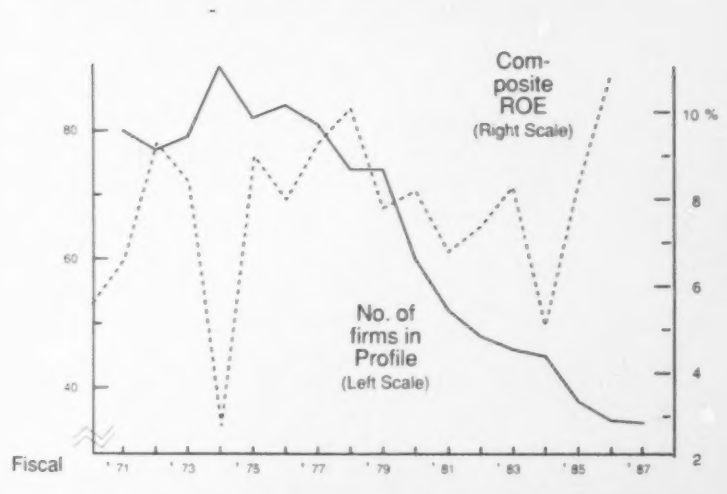
The textile companies that still make their annual reports public registered a composite 10.7% return on equity last year, accompanied by 3.1% net income on sales. The highest previous ROE was 10% in 1979; net income reached 3.2% of sales in only three of the Textile Profiles KSA has published since fiscal 1971. Reflecting the continuing mergers, acquisitions and leveraged buy-outs that have transformed the textile industry, this year's sample of 32 firms compares with a peak of 89 public companies that appeared in our 1974 Profile (see chart).

Fiscal 1987 sales for the profiled public textile firms reached $12.7 billion, up 15% from 1986. Aggregate net profits for the group totalled $393.7 million, a rise of 48% over 1986.

Following on the strong recovery figures posted in 1986, last year's textile performance was a remarkable encore. It was built upon more of the same favorable economic and market factors: continued reduction of overcapacity; a decline in the growth of imports (up only 2.3% in SYE over 1986); a 14% rise in exports of textiles (both due to a cheaper dollar); higher prices and demand for both cotton and wool fabrics, and better controls over SG&A expenses. Fiber consumption, productivity, and employment in the industry were up, even though one of textile's major markets, domestic auto manufacturers, suffered a sales drop in 1987. Apparel, domestics, carpets, and furniture all held their own or moved ahead.

Despite these and other signs of robust health, it must be noted that around one

## Shrinking Profiles Beget Higher ROEs




*Solid line (scale at left) shows the number of public textile firms covered in each of the 17 Profiles published by KSA since 1972. Broken line (scale at right) tracks composite Return on Equity reported in each Profile. Restructuring and consolidation have created a smaller, leaner, and more profitable public textile industry.*

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## Sales and Earnings*

| SALES RANK 1987 | SALES RANK 1986 | Company | Sales ($000) | Net Income ($000) |
|---|---|---|---|---|
| 1 | 2 | WestPoint Pepperell 09/87-D | 1,703,531 | 71,586 |
| | | 03/88 | 1,811,250 | 75,898 |
| 2 | 4 | Springs Industries 12/87-D | 1,661,126 | 55,712 |
| | | 03/88 | 1,706,000 | 57,000 |
| 3 | 3 | J.P. Stevens 10/87-H | 1,614,702 | 56,015 |
| 4 | 6 | Fieldcrest Cannon 12/87-H | 1,399,763 | -3,658 |
| 5 | 7 | United Merchants & Mfrs. 06/87-D | 762,147 | -15,251 |
| | | 12/87 | 769,206 | -37,512 |
| 6 | 8 | Shaw Industries 06/87-H | 694,203 | 28,545 |
| 7 | 11 | Dixie Yarns 12/87-Y | 580,504 | 26,283 |
| 8 | 9 | Guilford Mills 06/87-F | 539,150 | 23,913 |
| 9 | + | Delta Woodside 06/87-F | 417,461 | 20,795 |
| | | 03/88 | 459,885 | 26,036 |
| 10 | 10 | Salem Carpet Mills 12/87-H | 359,354 | 5,351 |
| | | 03/88 | 377,730 | 5,455 |
| 11 | 12 | Mohasco 12/87-M | 299,720[1] | 15,049 § |
| 12 | 14 | Unifi 06/87-Y | 275,714 | 12,028 |
| 13 | 19 | Interface Flooring Systems 12/87-H | 267,008 | 13,700 |
| 14 | 16 | Galaxy Carpet Mills 09/87-H | 262,726 | 5,798 |
| | | 12/87 | 270,319 | 6,882 |
| 15 | 15 | Horizon Industries 09/87-H | 256,548 | 3,471 |
| | | 12/87 | 255,312 | 2,768 |
| 16 | 17 | Carolina Mills 09/87-Y | 204,205 | 9,624 |
| 17 | 18 | Culp 04/87-F | 180,146 | 5,205 |
| | | 01/88 | 177,829 | 3,850 |
| 18 | 19 | Thomaston Mills 06/87-D | 171,384 | 12,542 |
| | | 03/88 | 191,263 | 13,352 |
| 19 | 28 | Texfi Industries 10/87-F | 162,842 | 9,038 |
| | | 01/88 | 170,833 | 9,349 |
| 20 | 21 | Belding Heminway 12/87-D | 146,445 | 5,192 |
| 21 | 25 | Concord Fabrics 08/87-F | 138,047 | 2,164 |
| | | 02/88 | 142,321 | + |
| 22 | 22 | Fab Industries 11/87-F | 137,684 | 12,439 |
| | | 02/88 | 142,473 | + |
| 23 | 20 | Chatham Mfg. 12/87-F | 125,899 | 6,249 |
| 24 | 26 | Ruddick 09/87-M | 124,112[2] | 13,320 § |
| 25 | 24 | Johnston Industries 06/87-F | 110,157 | 8,374 |
| | | 12/87 | 111,469 | 7,717 |
| 26 | 23 | Quaker Fabrics (Vertipile) 02/87-F | 106,273 | 2,268 |
| | | 05/87 | 106,725 | 3,391 |
| 27 | 27 | CrownAmerica 08/87-Y | 90,399 | 750 |
| | | 11/87 | 95,009 | 848 |
| 28 | 32 | Coated Sales 02/87-F | 90,011 | 7,203 |
| | | 11/87 | 114,264 | 9,921 |
| 29 | 29 | Carriage Industries 06/87-H | 76,582 | 2,243 |
| | | 12/87 | 83,425 | 2,252 |
| 30 | 31 | Louisville Bedding 12/87-H | 71,841 | 1,777 |
| 31 | 34 | Crown Crafts 03/87-H | 53,789 | 2,790 |
| 32 | 35 | Decorator Industries 12/87-H | 27,493 | 734 |
| 33 | 36 | Burke Mills 12/87-Y | 21,070 | 565 |
| 34 | 37 | Dash Industries 11/87-H | 18,175 | 30 |
| | | **Sales Total:** | **$13,150,211** | |

*Where available, quarterly data have been added to show latest 12 months' performance.

Where previous years' figures have been restated by a company, they are not reflected in the Profile.

Wickes Companies reported a total of $1.69 billion in sales for automotive, wall coverings and furnishings products, but this total included sales other than textiles and therefore could not be listed here.

\+ Unavailable

§ Operating Earnings

[1] Carpet sales only

[2] American & Efird Sales

## Profile Highlights

| | 1987 | 1986 | 1985 | 1984 | 1983 |
|---|---|---|---|---|---|
| Sales ($MM) | 12,726 | 11,065 | 8,932 | 8,858 | 7,844 |
| Net A.T. Income ($MM) (After Extraordinary Items) | 394 | 266 | 130 | 235 | 213 |
| Net A.T. Income (% of Sales) | 3.1 | 2.4 | 1.5 | 2.6 | 2.7 |
| Return on Equity (%) | 10.7 | 8.3 | 4.8 | 9.0 | 8.6 |
| Cash Flow ($MM) | 732 | 569 | 387 | 467 | 424 |
| Capital Expenditures ($MM) | 490 | 423 | 312 | 440 | 342 |
| Capital Expenditures/ Cash Flow (%) | 66.9 | 74.3 | 80.6 | 94.2 | 80.7 |
| Long Term Debt/Net Worth | 0.67 | 0.68 | 0.57 | 0.42 | 0.40 |

half of the Profile's $1.66 billion sales increase in 1987 came through acquisitions of companies that were private the year before. *Bigelow Carpets* (acquired by *Fieldcrest Cannon*) and *Ti-Caro* (acquired by *Dixie Yarns*) were the largest examples of such added volume. However, the public textile companies' share of total industry sales dropped as these increases failed to offset the $4 billion lost through the departures of *Burlington* and *Collins & Aikman* from the Profile.

The full impact of textile restructuring has yet to be felt in terms of marketing and new supplier-customer relationships. Both the apparel and retail industries are going through some noteworthy changes themselves, which will certainly influence the reshaping of textiles.

Size for its own sake seems to have been discredited as a strategic business goal in textiles. Instead, more specialized

and focused marketing strengths yield better results, as can be seen in the performance rankings of companies like *Delta Woodside*, *Coated Sales*, *Johnston Industries*, and *Thomaston*. The emergence of such leaner and more profitable companies will help to slow down the pace of restructuring. In addition, fewer takeover targets are left.

One evidence of this can be found in the ratio of Long Term Debt to Net Worth, a measure of leverage reflecting, among other things, the borrowing capacity available for a company to buy itself or another firm (or to be used against it in a hostile takeover attack). The companies in this year's Profile had a composite ratio of 0.40 in 1983; last year it levelled off at 0.67 (see table on page 2).

The collective balance sheet of the public textile industry carries 135% more long term debt today than it did five years ago, making it generally less appetizing to corporate shoppers. However, the rate at which it is accumulating debt has slowed, largely because more capital expenditures are being covered by a stronger cash flow.

The vulnerability of low leverage is illustrated by *J.P. Stevens*, whose last balance sheet before acquisition sported a ratio of 0.34. Only seven other companies in the Profile showed less leverage. In contrast, *Guilford Mills* purchased several other companies and raised its leverage from 0.07 to 0.59 in the process.

### *Yarn Sector.*

The five yarn spinners and texturizers in the Profile raised their earnings 44% last year on a sales gain of 39% (much of the latter due to *Dixie's* purchase of *Ti-Caro*). . . *Carolina Mills* had the highest ROE in the group, at 16% . . . Total capital expenditures were only 81% of depreciation, indicating that yarn spinners may have completed their modernization programs for a while.

### *Fabric Sector.*

Small was indeed beautiful for the fabric sector this year, which lost *Burlington*, *Guilford Industries*, and *Wm. Wright*, but added *Delta Woodside*. In the process, it gave up $2 billion in sales volume but doubled its return on equity . . . Contributing to the group's exceptional 16.8% ROE were No. 1-ranked *Delta Woodside*, with 35.7%, and *Texfi*, with an unranked 43%. Even without its tax benefit of $4.3 million from previous losses, *Texfi* had an ROE of 22.6% . . . The 10 fabric companies include converters and specialty fabric producers with strong market niches. Their strong sales (+40%) and profit (+65%) gains were helped by improved control over SG&A, receivables and collection periods . . . The key ratios also reveal some very low leverages in this sector.

## *Textile Performance Profile — Fiscal 1987*

| COMPANY | RETURN ON SALES % | 87 | 86 | RETURN ON TOTAL EQUITY % | 87 | 86 | TOTAL DEBT TO ASSETS 87 | 86 | RETURN ON TOTAL ASSETS % | 87 | 86 | SALES TO TOTAL ASSETS 87 | 86 | GROSS PROFIT % | 87 | 86 | OPERATING EARNINGS % | 87 | 86 | INVENTORY TURNS 87 | 86 | RETURN ON INVESTED CAPITAL % | 87 | 86 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BELDING HEMINWAY 12/87-D | 3.55 | 15 | 15 | 12.46 | 12 | 19 | 0.55 | 17 | 22 | 5.56 | 16 | 17 | 1.57 | 22 | 28 | 31.97 | 3 | 3 | 6.29 | 20 | 19 | 3.27 | 30 | 31 | 7.13 | 17 | 17 |
| BURKE MILLS INC 12/87-Y | 3.13 | 18 | 13 | 6.63 | 25 | + | 0.26 | 30 | 31 | 4.90 | 19 | + | 1.83 | 15 | 15 | 11.61 | 30 | 26 | 5.82 | 22 | 12 | 7.96 | 7 | 3 | 5.96 | 20 | + |
| CAROLINA MILLS 09/87-Y | 4.71 | 9 | 11 | 16.05 | 7 | 8 | 0.35 | 27 | 26 | 10.49 | 5 | 6 | 2.22 | 7 | 7 | 10.68 | 31 | 31 | 10.68 | 7 | 8 | 10.64 | 3 | 4 | 13.17 | 6 | 8 |
| CARRIAGE INDUSTRIES INC 06/87-H | 2.93 | 19 | 5 | 7.87 | 24 | 9 | 0.43 | 24 | 24 | 4.45 | 21 | 8 | 1.52 | 24 | 19 | 24.69 | 6 | 4 | 7.13 | 17 | 4 | 3.94 | 26 | 24 | 5.75 | 22 | 10 |
| CHATHAM MFG CO 12/87-F | 4.96 | 8 | 10 | 10.30 | 18 | 16 | 0.17 | 32 | 32 | 8.52 | 8 | 11 | 1.72 | 17 | 17 | 18.83 | 20 | 17 | 9.13 | 10 | 10 | 4.01 | 25 | 27 | 9.67 | 11 | 13 |
| COATED SALES, INC. 02/87-F | 8.00 | 2 | 3 | 17.67 | 6 | 2 | 0.39 | 26 | 5 | 10.83 | 4 | 2 | 1.35 | 28 | 22 | 28.36 | 4 | 5 | 17.60 | 1 | 1 | 4.65 | 20 | 25 | 14.94 | 4 | 3 |
| CONCORD FABRICS, INC 08/87-F | 1.25 | 28 | 23 | 8.23 | 23 | ++ | 0.64 | 6 | 20 | 2.93 | 24 | ++ | 1.87 | 14 | 6 | 19.19 | 19 | 12 | 4.02 | 28 | 23 | 4.20 | 24 | 15 | 5.24 | 24 | ++ |
| CROWN CRAFTS INC 03/87-H | 5.19 | 6 | 22 | 25.84 | 2 | 18 | 0.58 | 12 | 11 | 10.96 | 3 | 19 | 2.11 | 9 | 8 | 24.21 | 7 | 20 | 10.86 | 6 | 21 | 3.69 | 28 | 26 | 17.14 | 3 | 19 |
| CROWNAMERICA 08/87-Y | 0.83 | 29 | 21 | 4.75 | 27 | 15 | 0.61 | 10 | 15 | 1.84 | 27 | 15 | 2.22 | 7 | 3 | 9.38 | 32 | 30 | 2.58 | 30 | 27 | 17.24 | 1 | 1 | 3.33 | 26 | 14 |
| CULP, INC. 04/87-F | 2.89 | 21 | 17 | 12.27 | 14 | 12 | 0.57 | 16 | 15 | 5.29 | 17 | 14 | 1.83 | 15 | 14 | 21.65 | 11 | 13 | 6.54 | 18 | 17 | 4.81 | 17 | 21 | 6.93 | 18 | 15 |
| DASH INDUSTRIES INC 11/87-H | 1.45 | 26 | 32 | 6.20 | 26 | ++ | 0.62 | 8 | 10 | 2.36 | 26 | ++ | 1.43 | 25 | 25 | 43.99 | 1 | 1 | 4.37 | 26 | 32 | 1.33 | 32 | 32 | 3.29 | 27 | ++ |
| DECORATOR INDUSTRIES, INC. 12/87-H | 2.45 | 23 | 27 | 14.80 | 8 | 25 | 0.58 | 12 | 14 | 6.18 | 13 | 25 | 2.31 | 6 | 5 | 21.42 | 12 | 21 | 5.51 | 24 | 30 | 5.06 | 15 | 17 | 10.04 | 10 | 25 |
| DELTA WOODSIDE INDUSTRIES, INC 06/87-F | 4.98 | 7 | 12 | 35.71 | 1 | 1 | 0.61 | 10 | 1 | 14.03 | 2 | 4 | 2.82 | 1 | 4 | 17.50 | 22 | 25 | 11.24 | 5 | 5 | 7.71 | 8 | 6 | 21.42 | 1 | 1 |
| DIXIE YARNS INC 12/87-Y | 4.53 | 10 | 7 | 12.79 | 10 | 7 | 0.42 | 25 | 28 | 7.38 | 10 | 5 | 1.63 | 20 | 10 | 14.19 | 28 | 29 | 7.73 | 15 | 18 | 8.50 | 5 | 5 | 11.40 | 8 | 5 |
| FAB INDUSTRIES 11/87-F | 7.73 | 3 | 1 | 14.26 | + | 10 | 0.26 | 30 | 30 | 10.57 | + | 3 | 1.17 | 30 | 31 | 18.26 | 21 | 10 | 10.44 | 8 | 2 | 5.09 | 14 | 18 | 14.11 | + | 4 |
| FIELDCREST CANNON INC 12/87-H | -0.26 | 30 | 20 | -1.41 | 28 | 23 | 0.71 | 4 | 8 | -0.41 | 28 | 22 | 1.59 | 21 | 29 | 17.25 | 24 | 9 | 2.17 | 32 | 13 | 4.50 | 21 | 16 | -0.54 | 28 | 23 |
| GALAXY CARPET MILLS 09/87-H | 2.21 | 24 | 26 | 9.53 | 21 | 26 | 0.62 | 8 | 12 | 3.66 | 23 | 26 | 1.66 | 19 | 23 | 23.58 | 9 | 8 | 6.50 | 19 | 28 | 3.85 | 27 | 28 | 4.72 | 25 | 26 |
| GUILFORD MILLS 06/87-F | 4.38 | 11 | 6 | 12.54 | 11 | 13 | 0.50 | 20 | 29 | 6.27 | 11 | 10 | 1.41 | 26 | 19 | 19.53 | 17 | 15 | 8.90 | 12 | 7 | 5.60 | 12 | 13 | 8.00 | 14 | 9 |
| HORIZON IND INC 09/87-H | 1.35 | 27 | 25 | 9.79 | 20 | 24 | 0.73 | 2 | 7 | 2.69 | 25 | 24 | 1.99 | 12 | 12 | 20.84 | 13 | 11 | 5.12 | 25 | 24 | 5.40 | 13 | 19 | 5.82 | 21 | 23 |
| INTERFACE FLOORING SYSTEMS INC 12/87-H | 5.24 | 5 | 4 | 11.81 | 15 | 5 | 0.50 | 20 | 5 | 5.88 | 14 | 16 | 1.15 | 31 | 32 | 33.78 | 2 | 2 | 12.48 | 4 | 6 | 4.67 | 19 | 29 | 7.66 | 15 | 16 |
| JOHNSTON INDUSTRIES 06/87-F | 8.47 | 1 | 2 | 19.83 | 4 | 3 | 0.51 | 19 | 12 | 9.76 | 6 | 1 | 1.28 | 29 | 27 | 24.06 | 8 | 19 | 16.63 | 2 | 3 | 4.31 | 23 | 22 | 13.79 | 5 | 2 |
| LOUISVILLE BEDDING CO (09/86)12/87-H*** | 2.47 | 22 | 24 | 14.78 | 9 | 22 | 0.58 | 12 | 9 | 6.25 | 12 | 21 | 2.53 | 2 | 9 | 20.12 | 15 | 16 | 5.68 | 23 | 25 | 4.50 | 21 | 23 | 9.14 | 12 | 21 |
| QUAKER FABRICS (VERTIPILE) 02/87-F | -0.54 | 31 | 28 | 18.29 | + | 16 | 0.73 | 2 | 4 | 5.01 | + | 23 | 2.35 | 5 | 2 | 16.54 | 25 | 24 | 2.93 | 29 | 29 | 4.97 | 16 | 12 | 7.42 | + | 22 |
| SALEM CARPET MILLS 12/87-H | 1.49 | 25 | 18 | 10.13 | 19 | 6 | 0.64 | 6 | 19 | 3.68 | 22 | 9 | 2.47 | 4 | 1 | 17.48 | 23 | 18 | 4.36 | 27 | 16 | 5.96 | 10 | 8 | 5.37 | 23 | 7 |
| SHAW INDUSTRIES 06/87-H | 4.11 | 13 | 8 | 18.71 | 5 | 4 | 0.58 | 12 | 21 | 7.87 | 9 | 7 | 1.91 | 13 | 11 | 19.42 | 18 | 14 | 9.03 | 11 | 9 | 4.80 | 18 | 14 | 11.09 | 9 | 6 |
| SPRINGS INDUSTRIES 12/87-D | 3.35 | 17 | 19 | 11.03 | 17 | 21 | 0.53 | 18 | 17 | 5.14 | 18 | 20 | 1.53 | 23 | 24 | 20.32 | 14 | 22 | 7.24 | 16 | 20 | 6.33 | 9 | 11 | 7.31 | 16 | 20 |
| JP STEVENS 10/87-H | 3.47 | 16 | 14 | 11.23 | 16 | 14 | 0.49 | 23 | 22 | 5.78 | 15 | 13 | 1.67 | 18 | 16 | 15.55 | 27 | 22 | 5.89 | 21 | 14 | 5.85 | 11 | 10 | 8.42 | 13 | 12 |
| TEXFI INDUSTRIES 10/87-F | 2.92 | 20 | 29 | 43.00 | + | 27 | 0.68 | 5 | 3 | 13.80 | + | 27 | 2.49 | 3 | 21 | 15.71 | 26 | 27 | 8.50 | 14 | 22 | 9.08 | 4 | 9 | 20.27 | + | 27 |
| THOMASTON MILLS 06/87-D | 6.57 | 4 | 30 | 21.55 | 3 | 28 | 0.30 | 28 | 26 | 15.09 | 1 | 28 | 2.06 | 11 | 13 | 19.73 | 16 | 32 | 13.40 | 3 | 31 | 8.11 | 6 | 7 | 19.18 | 2 | 28 |
| UNIFI INC 06/87-Y | 4.36 | 12 | 9 | 12.45 | 13 | 11 | 0.27 | 29 | 25 | 9.04 | 7 | 12 | 2.07 | 10 | 18 | 13.55 | 29 | 28 | 8.75 | 13 | 15 | 15.18 | 2 | 2 | 12.32 | 7 | 11 |
| UNITED MERCHANTS & MFRS 06/87-D | -3.80 | 32 | 31 | -15.19 | + | ++ | 0.82 | 1 | 2 | -2.80 | + | ++ | 1.40 | 27 | 26 | 23.27 | 10 | 7 | 2.32 | 31 | 26 | 3.13 | 31 | 30 | -3.53 | + | ++ |
| WEST POINT-PEPPERELL 09/87-D | 4.00 | 14 | 16 | 9.10 | 22 | 20 | 0.50 | 20 | 18 | 4.58 | 20 | 18 | 1.09 | 32 | 30 | 25.18 | 5 | 6 | 9.18 | 9 | 11 | 3.58 | 29 | 20 | 6.54 | 19 | 18 |

\+ Extraordinary gains exceed 1% of net sales
++ Extraordinary losses exceed 1% of net sales
*** Fiscal year change; (previous) and current year end dates shown

### *Diversified Sector.*

Although it includes three of the largest five firms in the Profile, the Diversified sector posted the poorest numbers (see Sector Results, page 5) . . . *Thomaston Mills* was a stand-out, however, jumping from 28th to 3rd place in net income and ROE, and ranking first in Return on Assets with 15% . . . *UM&M's* continuing problems pulled down the Diversified composite in all areas . . . *WestPoint Pepperell* gained 19% in pre-tax profits on a sales decline of 6%, and its ROE moved up another notch to 9.1%. Its inventory turns slipped to 3.6 times, however, below the total Profile's uninspired 5.04 figure. Obviously, it will take some time before *WPP* digests its acquisitions and starts to reap the benefits.

### *Home Consumer Products Sector.*

Now the largest group, with 12 firms and $5 billion in sales, Home Consumer Products turned in a mediocre performance, primarily because of *Fieldcrest Cannon's* $3.6 million loss, and *J.P. Stevens's* strictly average returns. Together, these two outweighed generally good performances elsewhere among the carpet, domestics, and bedding firms in this group . . . *Shaw Industries* achieved another high ROE with 18.7%

# Noteworthy Performances

## Return on Total Equity

| | 1987 | 1983-87 | |
|---|---|---|---|
| | % | % | Rank |
| 1 Delta Woodside Industries | 35.71 | — | — |
| 2 Crown Crafts | 25.84 | 8.77 | 15 |
| 3 Thomaston Mills | 21.55 | 5.90 | 21 |
| 4 Johnston Industries | 19.83 | — | — |
| 5 Shaw Industries | 18.71 | 18.83 | 2 |
| 6 Coated Sales, Inc. | 17.67 | — | — |
| 7 Carolina Mills | 16.05 | 12.70 | 8 |
| 8 Decorator Industries | 14.80 | 4.61 | 24 |
| 9 Louisville Bedding | 14.78 | 11.03 | 10 |
| 10 Dixie Yarns | 12.79 | 12.37 | 9 |

## Return on Sales*

| | 1987 | 1983-87 | |
|---|---|---|---|
| | % | % | Rank |
| 1 Johnston Industries | 8.47 | — | — |
| 2 Coated Sales | 8.00 | — | — |
| 3 Fab Industries | 7.73 | 8.60 | 1 |
| 4 Thomaston Mills | 6.57 | 2.07 | 15 |
| 5 Interface Flooring Systems | 5.24 | 5.77 | 2 |
| 6 Crown Crafts | 5.19 | 2.05 | 16 |
| 7 Delta Woodside Industries | 4.98 | — | — |
| 8 Chatham Mfg. | 4.96 | 3.95 | 7 |
| 9 Carolina Mills | 4.71 | 3.67 | 9 |
| 10 Dixie Yarns | 4.53 | 3.21 | 12 |

(*Before extraordinary items)

on a sales gain of 26%. This carpet specialist has logged superior return figures throughout the last five years . . . *Crown Crafts*, a bedcoverings specialist, went from 18th place to 2nd with its 25.8% ROE. Its net profits quadrupled last year; two years ago it showed a loss . . . Some depressed profits among carpet firms in fiscal 1987 can be traced to the added costs of introducing new stain resistant finishes. Domestics had no such problems and did well in 1987 . . . Market shares in home furnishings have shifted again with the probable break-up of *Stevens*, and the impact of such changes upon future financial performance will depend upon the way the public firms in this part of textiles play their fresh hands.

### Classifications

Companies have been classified in the Yarn (Y), Fabrics (F), or Home Consumer Products (H) segments if textiles account for at least two-thirds of their sales volume, their primary product/market classification represents half of their textile volume, and it significantly exceeds any other single textile activity.

Corporations with no single classification predominant in their product/market mix have been placed in the Diversified (D) category.

Mohasco and Ruddick have been classified as Multi-industry/Conglomerates (M) because less than half of their sales comes from textiles, and that portion of their financial data could not be isolated for analysis.

# Industry Sector Results and Top Performers

| Industry Sectors and Top Performers* | No. of Firms Reported | Sales ($000) | Net Income ($000) | Net After-Tax Income on Sales % | Return on total Equity % | Total Debt to Assets | Return on Total Assets % | Sales to Total Assets | Gross Profit % | Oper. Earn. % | Inv. Turns | Return on Invested Capital % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***Home Consumer Products (H)*** | | | | | | | | | | | | |
| Crown Crafts | | 53,789 | 2,790 | 5.19 | 25.84 | .58 | 10.96 | 2.11 | 24.21 | 10.86 | 3.69 | 17.14 |
| 1987 | 12 | 5,102,184 | 117,067 | 2.29 | 9.47 | .59 | 3.89 | 1.70 | 18.74 | 5.59 | 4.97 | 5.45 |
| 1986 (FY '86 Profile: 12) | 12 | 4,404,368 | 118,590 | 2.69 | 10.28 | .58 | 4.37 | 1.62 | 19.83 | 6.64 | 5.06 | 6.36 |
| ***Yarn (Y)*** | | | | | | | | | | | | |
| Carolina Mills | | 204,205 | 9,624 | 4.71 | 16.05 | .35 | 10.49 | 2.22 | 10.68 | 10.68 | 10.64 | 13.17 |
| 1987 | 5 | 1,171,892 | 49,250 | 4.20 | 12.74 | .39 | 7.78 | 1.85 | 13.01 | 8.05 | 10.35 | 11.37 |
| 1986 (FY '86 Profile: 5) | 5 | 843,734 | 34,293 | 4.06 | 13.27 | .39 | 8.08 | 1.99 | 10.48 | 6.42 | 11.97 | 10.66 |
| ***Fabrics (F)*** | | | | | | | | | | | | |
| Delta Woodside Industries | | 417,461 | 20,795 | 4.98 | 35.71 | .61 | 14.03 | 2.82 | 17.50 | 11.24 | 7.71 | 21.42 |
| 1987 | 10 | 2,007,670 | 97,648 | 4.86 | 16.78 | .50 | 8.45 | 1.74 | 19.32 | 9.42 | 5.55 | 11.50 |
| 1986 (FY '86 Profile: 12) | 10 | 1,436,885 | 59,218 | 4.12 | 13.51 | .48 | 7.03 | 1.70 | 18.96 | 8.46 | 5.26 | 10.19 |
| ***Diversified (D)*** | | | | | | | | | | | | |
| Thomaston Mills | | 171,384 | 12,542 | 7.32 | 21.55 | .30 | 15.09 | 2.06 | 19.73 | 13.40 | 8.11 | 19.18 |
| 1987 | 5 | 4,444,633 | 129,781 | 2.92 | 8.70 | .56 | 3.85 | 1.32 | 23.05 | 7.35 | 4.28 | 5.35 |
| 1986 (FY '86 Profile: 6) | 5 | 4,380,510 | 54,390 | 1.24 | 4.04 | .58 | 1.70 | 1.37 | 20.63 | 5.80 | 4.48 | 2.37 |
| ***Industry Totals*** | | | | | | | | | | | | |
| 1987 | 32 | 12,726,379 | 393,746 | 3.09 | 10.65 | .55 | 4.82 | 1.56 | 19.81 | 7.03 | 5.04 | 6.72 |
| 1986 | 32 | 11,065,497 | 266,491 | 2.41 | 8.33 | .55 | 3.71 | 1.54 | 19.32 | 6.53 | 5.08 | 5.27 |

*Top performers had best return on total equity ranking in each sector.

# Composite Profit and Loss Data — Textile Industry

## (32 Companies)

| FISCAL PERIOD ENDING | 1987 | | 1986 | | 1985 | | 1984 | | 1983 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | $ | PCT | $ | PCT | $ | PCT | $ | PCT | $ | PCT |
| Net Sales | 12726379 | 100.00 | 11065497 | 100.00 | 8932248 | 100.00 | 8857740 | 100.00 | 7844652 | 100.00 |
| -Cost of Goods Sold | 10205540 | 80.19 | 8927677 | 80.68 | 7351750 | 82.31 | 7392479 | 83.46 | 6546580 | 83.45 |
| Gross Profit | 2520839 | 19.81 | 2137820 | 19.32 | 1580498 | 17.69 | 1465261 | 16.54 | 1298072 | 16.55 |
| -Sell. Gen. & Admin | 1625778 | 12.77 | 1415276 | 12.79 | 1083661 | 12.13 | 937171 | 10.58 | 854120 | 10.89 |
| Operating Earnings | 895061 | 7.03 | 722544 | 6.53 | 496837 | 5.56 | 528090 | 5.96 | 443952 | 5.66 |
| -Interest Expense | 237196 | 1.86 | 225226 | 2.04 | 154946 | 1.73 | 133136 | 1.50 | 103211 | 1.32 |
| Misc. Inc. or Exp. | 19826 | 0.16 | 34545 | 0.31 | -117899 | -1.32 | -1892 | -0.02 | 19612 | 0.25 |
| Income Before Tax | 677691 | 5.33 | 531863 | 4.81 | 223992 | 2.51 | 393062 | 4.44 | 360353 | 4.59 |
| - Income Tax | 310813 | 2.44 | 248937 | 2.25 | 102272 | 1.14 | 159814 | 1.80 | 147888 | 1.89 |
| Income After Tax | 366878 | 2.88 | 282926 | 2.56 | 121720 | 1.36 | 233248 | 2.63 | 212465 | 2.71 |
| Extraordinary Item | 26868 | 0.21 | -16435 | -0.15 | 8529 | 0.10 | 1906 | 0.02 | 755 | 0.01 |
| Net Income | 393746 | 3.09 | 266491 | 2.41 | 130249 | 1.46 | 235154 | 2.65 | 213220 | 2.72 |

| FLOW OF FUNDS ANALYSIS | | | | | |
|---|---|---|---|---|---|
| Working Cap at Start | 2697415 | 2266831 | 1915951 | 1859374 | 1695480 |
| Net Income | 393746 | 266491 | 130249 | 235154 | 213220 |
| Depreciation | 338001 | 302365 | 256724 | 232114 | 211315 |
| Change in L-T Debt | 297739 | 439547 | 409027 | 94430 | -13786 |
| Change in Deferred | 89590 | 76119 | 144085 | 27283 | 25658 |
| Change in Pref Stk | -544 | 493 | -33 | -42 | -29 |
| Change in Common | 281285 | 385492 | 41195 | -32506 | 205411 |
| Dividends Paid | -110322 | -93439 | -82853 | -84103 | -75779 |
| Capital Expend | -490022 | -422608 | -312219 | -440027 | -341983 |
| Misc Assets Change | -41817 | -330642 | -135085 | 3339 | -44621 |
| Misc Transactions | -196401 | -193234 | -100210 | 20935 | -15512 |
| Working Cap at End | 3258670 | 2697415 | 2266831 | 1915951 | 1859374 |

### Disclaimer

The information presented in this Performance Profile was obtained from available annual reports made by public companies to their stockholders and to the Securities and Exchange Commission. While we believe the information furnished to be reliable, no representations are made as to the accuracy thereof. Kurt Salmon Associates assumes no responsibility for any errors in the Performance Profile, whether of omission or commission.

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### The Complete Profile

A full print-out covering fiscal years ending 1983 through 1987 is available for in-depth comparisons and study.

For each of the companies, as well as the industry segment composites and the total industry aggregate, the report contains a full financial statement, a balance sheet, and a comprehensive list of ratios.

It is available from KSA at a cost of $400.


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Return on Equity data in the chart on page 1 is incorrect by one year. Following are the correct numbers.

| 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 |
|---|---|---|---|---|---|---|---|---|
| 5.5 | 6.5 | 9.2 | 8.3 | 2.7 | 8.9 | 7.9 | 9.3 | 10.0 |

| 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 |
|---|---|---|---|---|---|---|---|
| 7.7 | 8.1 | 6.7 | 7.3 | 8.2 | 5.0 | 8.2 | 10.7 |